

2007-2008 PERFORMANCE PLAN – Sr. Investment Officer, Alternative Investments (L. Shahinian)

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Quantitative Performance Measures

Weight	Factor	Performance Measure	Incentive Schedule	3 rd Quarter Status
25%	Total Fund Performance	Excess return in basis points relative to total fund performance benchmark. (SJICA1 – CPERSTO2)	-40 basis points = 0 0 basis points = 1.0 +20 basis points = 1.5	-74 bps $\{(-1.94) - (-1.20)\}$
54%	AIM Program Performance vs. AIM Benchmark	Total AIM portfolio investment performance vs. Venture Economics young fund median return benchmark for measured time period. Identifiers: N/A – performance and benchmark compiled quarterly by Wilshire	Median = 0 Median +150 = 1 Median +250 = 1.5	Above Target Excess Return: +2,055 bps
5%	Absolute Return Strategies Program	Return relative to program policy. Identifiers: SNLCA1 – Total ARS Program CPERHED2 – Total ARS Program blended index	0 basis points = 0 +50 basis points = 1.0 +100 basis points = 1.5	-1,274 bps $\{(-3.21) - 9.53\}$
84%	Subtotal	Quantitative Measures		

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Qualitative Performance Measures

Weight	Factor	Performance Measure	Incentive Schedule	3 rd Quarter Status
15%	Leadership	<p>Demonstrate leadership within CalPERS and in the external investment community, as both industry and staff (or team) leaders. Dimensions, all of which will be considered, include:</p> <ul style="list-style-type: none"> • Within Investment Group (e.g., teamwork within and across asset classes, timely preparation of staff performance appraisals, appropriate employee recognition) • Trustees (e.g., written and oral presentations to Investment Committee and Investment Policy Subcommittee) • CalPERS (e.g., involvement in enterprise-wide initiatives and programs) • External Investment Community (e.g., relationships with external business partners and stakeholders, presentations at conferences and similar events, representation on external boards and committees) • Diversity (e.g., promote meaningful diversity among our investment partners and staff) • Succession Plan (e.g., training and developing strong internal candidates to potentially fill my role in the future) 	<p>Score (0 – 10) 0 = 0 5 = 1.0 10 = 1.5</p>	<p>Played a lead role in INVO's strategic planning process.</p> <p>Worked with Fixed Income Unit to evaluate acquisition of a large corporate loan portfolio.</p> <p>Delivered keynote address at largest private equity conference of the year.</p> <p>Meaningfully promoted diversity among AIM investment partners.</p> <p>Continue to build a strong, cohesive team and foster very high morale within AIM unit. Developing strong internal candidates for potential succession.</p>

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Qualitative Performance Measures (cont.)

Weight	Factor	Performance Measure	Incentive Schedule	3 rd Quarter Status
1%	Inflation Linked Asset Class – Coordination to Launch the New Asset Program	<u>Inflation Linked Asset Class:</u> <ul style="list-style-type: none"> Team with other asset classes to develop and implement the new asset class; develop and present Infrastructure and Forestland policies and present to Investment Committee and Investment Policy Subcommittee. Assist the ILAC team in identifying resources required for implementation and in securing such resources through the administrative processes. Oversee the portfolio management of Infrastructure and Forestland assets originated in Real Estate prior to their transfer to the ILAC. Work with ILAC team and investment and fiscal operations team members to move and account for assets and assist in the maintenance of investments until permanent staff is secured. Provide consultative services to the ILAC team members on external managers, investment opportunities, and policies affecting Infrastructure and forestland investments. 	From Schedule	On target.
16%	Subtotal	Qualitative Measures		
100%	Total	Quantitative and Qualitative Measures		